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Hungary - East Germany: Party leader Kadar's visit to Pankow last week may have served to intensify differences between the two countries.

The communiqué issued at the end of the visit did not show any meeting of minds on the question of Chancellor Brandt's eastern policy. The Hungarians apparently continue to irritate Pankow by taking a positive view of Bonn's initiatives. The West German press, commenting on the communiqué, also concluded that Budapest is still interested in talking to West Germany. Yesterday it reported that the Hungarian Government has offered customs and tax concessions as incentives for an expansion of West German - Hungarian trade. The East Germans, in a press statement issued after the communiqué and obviously meant for both Bonn and Budapest, said that no socialist country would forget its alliance obligations just for "fair words" from Bonn.

Hungary's liberal economic reform policy apparently was another point of disagreement with Pankow. In an interview after his return home, Kadar publicly admitted that differences over economics and over political liberalism were not narrowed at all. [redacted] 25X1

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<u>East Germany</u>: Based on the unimpressive showing of Pankow's economy during 1969, fulfillment of its ambitious economic goals for 1970 is unlikely.

Economic goals in such sectors as investments and foreign and retail trade were overfulfilled. Achievements, however, in other areas such as new apartment construction, transport, and agriculture fell far short of planned levels. A significant portion of the increase in foreign trade was due to the 30-percent growth in trade with capitalist countries. Growth of trade with Communist trade partners was only eight percent.

In agriculture, grain output alone dropped 12 percent. The USSR has agreed to deliver 1.5 million tons of grain this year, of which 1.2 million tons is to be shipped before 1 July.

It is apparent that the economic problems of the early 1960s persist. Labor shortages, particularly in agriculture, remain acute, and industrial goods often are obsolete by Western standards. Despite its claim of approaching Bonn's economic level, East Germany's economy probably is falling even farther behind. 25X1

<u>Nigeria</u>: The projected oil production of one million barrels a day (b/d) is clearly within reach by the end of this year.

With the end of the war, the petroleum industry is quickly reaching record levels of output. Production already has surpassed the previous record level of about 594,000 b/d set last April.

Operations by Shell - British Petroleum and Gulf Oil probably will raise total production this month to about 800,000 b/d. It is scheduled to be increased by another 40,000-50,000 b/d in early March by the production of Mobil Oil.

Government revenue from oil production at a rate of one million b/d would amount to about $210 million a year, approximately half of the revenue for the current budget. Oil revenue, which is expected to reach $840 million annually by 1975, should enable the government to make a major contribution toward a program of rehabilitation and reconstruction.

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Sudan: Sudan is substantially reorienting its trade policies.

Faced with a serious decline in foreign exchange reserves and persistent deficits in free world trade, Sudan decided last October to slash free world imports drastically. Under a strict licensing system, priority is to be given to imports from bilateral trade partners, which are primarily the USSR and Eastern European countries. Exports to these countries probably also will be increased.

Moreover, the state trading corporation established in December initially to handle only imports from the USSR eventually will become a state monopoly, taking over the import of all essential goods. At present, trade with Communist nations accounts for only about 15 percent of the country's total.

The changes are designed to stop the precipitous drop in foreign exchange reserves, which fell from around $150 million in 1961 to less than $30 million in 1969. This decline stemmed largely from the failure of exports to keep pace with rapidly growing imports from hard-currency areas. The new policy is also aimed at balancing the value of imports from free world countries with the value of their purchases of Sudanese cotton and other crops. 25X1

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Lesotho: The country is calm following Prime Minister Jonathan's seizure of power last week and his arrest of 30 opposition party members. Jonathan can maintain his control temporarily, because he probably has the support of South African security forces on Lesotho's borders. Longer term prospects are less certain, however. Violent outbreaks are likely if the state of emergency drags on and opposition to Jonathan grows.

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